

Rural Development

Rural America abounds with promise. USDA Rural Development is helping to fulfill the promise and overcome the problems of the Nation's rural heartland. Rural Development was created in 1994 when rural economic and community development programs that had been splintered among various USDA agencies were forged into a new mission area. With this action, the Farmers Home Administration, Rural Development Administration, Rural Electrification Administration, and Agricultural Cooperative Service passed into history.

Rural Development programs are now administered by three Services at the national level and Rural Development Offices at the State level. The three national level Services are the Rural Business-Cooperative Service (RBS), the Rural Housing Service (RHS), and the Rural Utilities Service (RUS). Rural Development's mission: to create self-sustaining, long-term economic development in areas of pervasive poverty, unemployment, and general distress, and to demonstrate how distressed communities can achieve self-sufficiency through innovative and comprehensive strategic plans developed and implemented by alliances among private, public, and nonprofit entities.

The Rural Business-Cooperative Service provides financial and technical assistance to promote business and cooperative opportunities in rural areas. By leveraging with private funding sources, RBS helps rural communities to create jobs by funding new business start-ups, business expansions, and other business ventures. The Rural Housing Service provides financing for new or improved low and moderate income housing in rural communities. RHS also administers a funding program for community facilities such as fire stations, libraries, hospitals, industrial parks, day care centers, and health clinics. The Rural Utilities Service provides loans and grants for electric service, telecommunications, and water-wastewater. RUS assists rural communities in meeting their infrastructure needs in order to develop the local economy and create jobs.

In addition to the three Services, the Office of Community Development in Rural Development administers the Empowerment Zones and Enterprise Communities (EZ/EC) program, a Presidential initiative of the Clinton Administration designed to provide economically depressed rural areas and communities with real opportunities for growth and revitalization. Also, the Alternative Agricultural Research and Commercialization (AARC) Corporation encourages new research and assists with the commercialization of new, nonfood uses of agricultural commodities. AARC's goal is to create jobs, enhance economic development of rural communities, and diversify markets for raw agricultural and forestry products and animal by-products.

In addition to information provided in this guide about its programs, Rural Development has a Website: <http://www.rurdev.usda.gov>

Interested individuals should contact their State or local Rural Development offices for information about applying for any of the RHS, RBS, and RUS programs. A list of State offices follows:

Rural Development-State Offices

ALABAMA	MONTANA
Horace Horn	Anthony Preite
Sterling Center, Suite 601	900 Technology Blvd., Suite B
4121 Carmichael Rd.	PO Box 850
Montgomery, AL 36106-3683	Bozeman, MT 59771
(205) 279-3400	(406) 585-2580

ALASKA	NEBRASKA
Ernest Brannon	James A. Otto
800 West Evergreen, Suite 201	Federal Bldg., Rm 308
Palmer, AK 99645	100 Centennial Mall N
(907) 745-2176	Lincoln, NE 68508
	(402) 437-5551

ARIZONA	NEVADA
Alan Stephens	Sarah Mersereau
3003 North Central Ave, Suite 900	1390 South Curry St.
Phoenix, AZ 85012	

(602) 280-8700 Carson City, NV 89703-5405
(702) 887-1222

ARKANSAS
John C. Edwards NEW JERSEY
700 W. Capitol Ernest Grunow
P.O. Box 2778 Tarnsfield Plaza, Suite 22
Little Rock, AR 72203 1016 Woodlane Rd.
(501) 324-6281 Mt. Holly, NJ 08060
609) 265-3600

CALIFORNIA
Michael Reyna NEW MEXICO
194 West Main St., Suite F Steven Anaya
Woodland, CA 95695-2915 Federal Building, Rm 3414
(916) 668-2000 517 Gold Avenue, SW
Albuquerque, NM 87102
(505) 766-2462

COLORADO
Ruth Rodriguez NEW YORK
655 Parfet St., Rm E-100 James Bays
Lakewood, CO 80215 The Galleries of Syracuse
(303) 236-2801 441 S. Salina Street, Suite 357
Syracuse, NY 13202
(315) 477-6400

DELAWARE-MARYLAND
John Walls NORTH CAROLINA
4611 So. Dupont Hwy. James Kearney
P.O. Box 400 4405 Bland Road, Suite 260
Camden, DE 19934-9998 Raleigh, NC 27609
(301) 697-4300 (919) 873-2000

FLORIDA
Ronald G. Whitfield (Acting) NORTH DAKOTA
4440 NW 25th Pl. Charles Mertens
P.O. Box 147010 Federal Building, Rm 208
Gainesville, FL 32614-7010 3rd & Rosser, PO Box 1737
(904) 338-3400 Bismarck, ND 58502
(701) 250-4781

GEORGIA
Laura Jean Meadows OHIO
Stephens Federal Building Linda Page
355 E. Hancock Ave. Federal Building, Rm 507
Athens, GA 30610 200 North High Street
(706) 546-2162 Columbus, OH 43215
(614) 469-5606

HAWAII
Francis Blanco OKLAHOMA
Federal Bldg., Rm 311 Charles Rainbolt
154 Waianuenue Avenue USDA Agricultural Center
Hilo, HI 96720 Stillwater, OK 74074
(808) 933-3000 (405) 742-1000

IDAHO
Loren Nelson OREGON
3232 Elder Street Scott Duff
Boise, ID 83705 101 SW Main St., Suite 1410
(208) 334-1301 Portland, OR 97204-2333
(503) 414-3300

ILLINOIS
Wallace Furrow PENNSYLVANIA
Illini Plaza, Suite 103 Cheryl Cook
1817 South Neil Street 1 Credit Union Place, Suite 330
Champaign, IL 61820 Harrisburg, PA 17110-2996
(217) 398-5235 (717) 782-4476

INDIANA	PUERTO RICO
John Thompson	Ileana Echegoyen
5975 Lakeside Blvd.	New San Juan Office Bldg., Rm 501
Indianapolis, IN 46278	159 Carlos E. Chardon Street
(317) 290-3100	Hato Rey, PR 00918-5481
	(809) 766-5095
IOWA	SOUTH CAROLINA
Ellen Huntoon	Bernie Wright
Federal Building, Rm 873	Strom Thurmond Federal Bldg.
210 Walnut Street	1835 Assembly Street, Rm 1007
Des Moines, IA 50309	Columbia, SC 29201
(515) 284-4663	(803) 765-5163
KANSAS	SOUTH DAKOTA
Bill Kirk	Dallas Tonsager
1201 SW Summit Exec. Crt	Federal Building, Rm 308
P.O. Box 4653	200 4th Street SW
Topeka, KS 66604	Huron, SD 57350
(913) 271-2700	(605) 352-1100
KENTUCKY	TENNESSEE
Tom Fern	David Seivers
771 Corporate Plaza	3322 West End Ave., Suite 300
Suite 200	Nashville, TN 37203-1071
Lexington, KY 40503	(615) 783-1308
(606) 224-7300	
LOUISIANA	TEXAS
Austin Cormier	Steven A. Carriker (Acting)
3727 Government Street	Federal Building, Suite 102
Alexandria, LA 71302	101 South Main
(318) 473-7920	Temple, TX 76501
	(817) 774-1301
MAINE	UTAH
Seth Bradstreet	James Harvey
444 Stillwater Avenue, Suite 2	Federal Building, Rm 5438
P.O. Box 405	125 South State Street
Bangor, ME 04402-0405	Salt Lake City, UT 84138
(207) 990-9106	(801) 524-4063
MASS/RHODE ISLAND/CONN	VERMONT/NEW HAMPSHIRE/VI
William Bradley	Roberta Harold
451 West Street	City Center, 3rd Floor
Amherst, MA 01002	89 Main St.
(413) 253-4300	Montpelier, VT 05602
	(802) 828-6001
MICHIGAN	VIRGINIA
Donald Hare	Lloyd A. Jones
3001 Coolidge Rd., Suite 200	Culpeper Building, Suite 238
East Lansing, MI 48823	1606 Santa Rosa Road
(517) 337-6635	Richmond, VA 23229
	(804) 287-1550
MINNESOTA	WASHINGTON
Gary DeCramer	Mary McBride
410 AgriBank Bldg.	Federal Building, Rm 319
375 Jackson Street	301 Yakima St., PO Box 2427
St. Paul, MN 55101	Wenatchee, WA 98807
(612) 602-7835	
MISSISSIPPI	

George E. Irvin (509) 664-0240
 Federal Building, Rm 831
 100 W. Capitol Street WEST VIRGINIA
 Jackson, MS 39269 Robert Lewis
 (601) 965-4316 75 High Street
 P.O. Box 678
 MISSOURI Morgantown, WV 26505
 William Shay (304) 291-4791
 601 Business Loop 70 West
 Parkade Center, Suite 235 WISCONSIN
 Columbia, MO 65203 Bryce Luchterhand
 (314) 876-0976 4949 Kirschling Crt.
 Stevens Point, WI 54481
 (715) 345-7600
 WYOMING
 Derrel L. Carruth
 Federal Building, Rm 1005
 P.O. Box 820
 Casper, WY 82602
 (307) 261-5271

Rural Business-Cooperative Service

- Business and Industry Direct Loans

Nature and Purpose: The Business and Industry (B&I) Direct Loan Program provides loans to public entities and private parties who cannot obtain credit from other sources. Loans to private parties can be made for improving, developing, or financing business and industry, creating jobs, and improving the economic and environmental climate in rural communities (including pollution abatement).

Eligibility Requirements: Eligible applicants include any legally organized entity, including cooperatives, corporations, partnerships, trusts and other profit or nonprofit entities, Indian tribes or federally recognized tribal groups, municipalities, counties, any other political subdivision of a State, and individuals. Loans are available to those who cannot obtain credit elsewhere and for public bodies.

Use Restrictions: This type of assistance is available in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas).

Special Conditions and Terms:

- Applications are funded based on a priority scoring system.
- All applications are considered and evaluated on a point system.
- Maximum individual loan is \$10 million.
- Approval process is approximately 60 to 120 days.

Project Examples: Business or industrial acquisition, construction, enlargement, conversion, repair and improvement; purchase and development of land, easements, buildings facilities, leases, equipment, machinery, supplies, and materials.

- Business and Industry Guaranteed Loans

Nature and Purpose: The Business and Industry (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program guarantees up to 80 percent of a loan made by a commercial lender. The primary purpose is to create and maintain employment and improve the economic climate in rural communities. This is achieved by expanding the lending capability of

private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits.

Eligibility Requirements: Assistance under the B&I Guaranteed Loan Program is available to virtually any legally organized entity, including a cooperative, corporation, partnership, trust or other profit or nonprofit entity, Indian tribe or federally recognized tribal group, municipality, county, or other political subdivision of a State. Applicants need not have been denied credit elsewhere to apply for this program.

Authorized Lenders: B&I loan guarantees can be extended to loans made by commercial or other authorized lenders in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas). Generally, authorized lenders include Federal or State chartered banks, credit unions, insurance companies, savings and loan associations, Farm Credit Banks or other Farm Credit System institutions with direct lending authority, a mortgage company that is part of a bank holding company, and the National Rural Utilities Finance Corporation. Other loan sources include eligible Rural Utilities Service electric and telecommunications borrowers and other lenders approved by RBS who have met the designated criteria.

Use Restrictions: This type of assistance is available in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas).

Special Conditions and Terms:

- Both preapplications and applications are considered in the order received.
- All applications are considered and evaluated on a point system.
- Maximum aggregate loan is \$25 million.
- Approval process is approximately 60 to 120 days.

Project Examples: Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing.

- **Intermediary Relending Program**

Nature and Purpose: The purpose of the Intermediary Relending Program (IRP) is to finance business facilities and community development projects in rural areas. This is achieved through loans made by the Rural Business-Cooperative Service (RBS) to intermediaries. Intermediaries relend funds to ultimate recipients for business facilities or community development. Intermediaries establish revolving loan funds so collections from loans made to ultimate recipients in excess of necessary operating expenses and debt payments will be used for more loans to ultimate recipients.

Eligibility Requirements: Eligible intermediaries include public bodies, nonprofit corporations, Indian tribes, and cooperatives. Intermediaries must have legal authority to carry out the proposed loan purposes and to incur and repay the debt, have a record of successfully assisting rural business and industry, normally including experience in making and servicing commercial loans, and provide adequate assurance of repayment.

Ultimate recipients may be private or public organizations or individuals.

At least 51 percent of the owners or members of both intermediaries and ultimate recipients must be United States citizens or admitted for permanent residency. Both intermediaries and ultimate recipients must be unable to obtain the proposed loan elsewhere at reasonable rates and terms.

Use Restrictions: All of the IRP loan funds received by an intermediary must be relented to ultimate recipients. Interest income and fees may be used for administrative costs, technical assistance to borrowers, or debt retirement. All collections from the operation of the IRP revolving loan fund that are not used for the above authorized expenses must be made available for relending to eligible ultimate recipients. Loans from intermediaries to ultimate recipients must be for the establishment of new businesses, the expansion of existing businesses, creation of employment opportunities, saving of existing jobs, or community development projects.

- **Rural Business Enterprise Grants**

Nature and Purpose: Rural Business Enterprise Grants help public bodies, nonprofit corporations, and federally recognized Indian tribal groups finance and facilitate development of small and emerging private business enterprises located in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban or urbanizing areas).

Eligibility Requirements: Eligibility is limited to public bodies, private nonprofit corporations, and federally recognized Indian tribal groups. Public bodies include incorporated towns and villages, boroughs, townships, counties, States, authorities, districts, Indian tribes on Federal and State reservations, and other federally recognized Indian tribal groups in rural areas.

Use Restrictions: Funds may be used to facilitate the development of small and emerging private business enterprises. Costs that may be paid from grant funds include the acquisition and development of land and the construction of buildings, plants, equipment, access streets and roads, parking areas, and utility and service extensions; refinancing; fees for professional services; technical assistance and training associated with technical assistance; startup operating costs and working capital; providing financial assistance to a third party; production of television programs to provide information to rural residents; and creation, expansion, and operation of rural distance learning networks. Grants may also be made to establish or fund revolving loan programs.

Grants cannot be used for:

- Production of agricultural products through growing, cultivating, or harvesting either directly or through horizontally integrated livestock operations, except for commercial nurseries or timber operations.
- Comprehensive area-wide planning.
- Loans by grantees when the rates, terms, and charges for those loans are not reasonable.
- Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
- Development of a proposal which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.

Special Conditions and Terms:

- States receive yearly allocations. State offices will rank and review applications. When allocations are exhausted, applications will be forwarded to the National Office where they will compete for funding from the National Office reserve.
- Applications are reviewed using a point system.
- Additional points may be awarded on grounds of such factors as geographic distribution of funds, criteria resulting in substantial employment improvement, mitigation of economic distress by creation/retention of jobs, or emergency situations.
- Applicants for grants to help develop private business enterprises must file a written notice of intent with the State single point of contact consistent with Intergovernmental Review requirements. (Federally recognized Indian tribes are exempt from this requirement.)
- Applicants for grants to establish a revolving loan program must include detail on the applicant's experience operating a revolving loan program, proposed projects, applicant's financial ability to administer a revolving fund, the need for a revolving fund, and other funds proposed to leverage funds made available under this program.
- All community projects funded by RBS are subject to an environmental assessment in accordance with the National Environmental Policy Act.

- **Rural Business Opportunity Grants**

Nature and Purpose: Rural Business Opportunity Grant funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. RBS is designing the program to promote sustainable economic development in rural communities with exceptional needs.

Eligibility Requirements: Nonprofit corporations and public bodies are eligible. Applicants must be located in rural areas (this includes all areas other than cities of more than 50,000 people and their immediately adjacent urban and urbanizing areas).

Use Restrictions: Grant funds can be used to identify and analyze business opportunities, to provide technical assistance to rural entrepreneurs and managers, to establish business support centers for community economic development planning, and they may also be used to establish centers for training with technology and trade that provide assistance to rural businesses in using interactive communication technologies to develop export markets.

- **Other RBS Programs/Initiatives**

Cooperative Services: The RBS Cooperative Services program helps rural residents form new cooperative businesses and improve the operations of existing cooperatives (user-owned businesses). To accomplish this, Cooperative Services provides technical assistance to cooperatives, conducts cooperative-related research, and produces educational materials that promote public understanding of cooperatives.

Rural Economic Development Loans and Grants: Rural Economic Development loans and grants are available available to any Rural Utilities Service electric or telecommunications borrower to assist in developing rural areas from an economic standpoint, to create new job opportunities, and to help retain existing employment. Loans at zero interest are made primarily to finance business startup ventures and business expansion projects.

Rural Venture Capital Demonstration Program: The Rural Venture Capital Demonstration Program designates up to 10 community development venture capital organizations to demonstrate the usefulness of guarantees to attract increased investment in private business enterprises in rural areas. Such organizations must establish a rural business private investment pool to make equity investments in rural private business enterprises.

Rural Housing Service

- **Single Family Housing Program**

Nature and Purpose: The Rural Housing Service (RHS) offers two types of homeownership loans: guaranteed and direct. The purpose is to provide homeownership opportunities to low and moderate income rural families and individuals through financing--with no down payment and at favorable rates and terms--either through a direct loan with RHS or with a loan from a private financial institution which is guaranteed by RHS. These loans are for the purchase, construction, rehabilitation, or relocation of a home.

Eligibility Requirements: Individual citizens or eligible noncitizens who meet the applicable income limits and other eligibility requirements for the specific type of assistance requested.

Applications: Organizations are encouraged to consult with the Rural Development local, State or national office for information.

Special Conditions and Terms:

- Dwellings must be personally occupied.
- Prequalification is recommended.
- Loans may not exceed limits established by Section 203(b) of the National Housing Act (12 USC 1709).

- **Self-Help Housing**

Nature and Purpose: Self-Help Housing loans help groups of six to ten low-income families build their own homes by providing materials and the skilled labor they cannot furnish themselves. The families must agree to work together until all homes are finished.

- **Multi-Family Housing Guaranteed Loans**

Nature and Purpose: The program has been designed to increase the supply of affordable multi-family housing through partnerships between Rural Housing Service (RHS) and major lending sources, as well as State and local housing finance agencies and bond insurers. The program provides effective new forms of Federal credit enhancement for the development of affordable multi-family housing by lenders.

Eligibility Requirements: The applicant in this program is the lender that will use the guarantee as a credit enhancement and, therefore, be more likely to make the loan. The lender must be approved by RHS, HUD, or be a State Housing Finance Agency. The projects must be located in rural areas as defined by the agency. Occupants must be very-low-income, low-income, moderate-income, elderly, handicapped, or a disabled person. Income may not exceed 115 percent of the median income.

Special Conditions and Terms:

- RHS will review all applications for compliance with program requirements and issue the Conditional Commitment of Guarantee. Once the conditions are met, the final Contract of Guarantee will be issued.
- The loans must be made to entities or individuals who meet the underwriting requirements of the lender and will provide the housing to eligible occupants. The lender will provide the loan underwriting and servicing in exchange for the guarantee.

- **Rural Rental Housing**

Nature and Purpose: Apartment living is often an alternative for people who cannot afford the purchase price and maintenance costs of their own individual houses. Rural Rental Housing loans are made to finance building construction and site development of multi-family units for people with low, very low, and moderate incomes. Some units are reserved for people aged 62 and over. Loans can be made in this program to construct housing that will be operated in cooperative form, but loan funds may not be used to finance individual units within the project.

Eligibility Requirements: Rural Rental Housing loans can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, or profit and nonprofit corporations. Nonprofit corporations may be organized on a multi-county basis.

Special Conditions and Terms:

- The maximum repayment period is 50 years. Applicants are required to provide initial operating capital equal to at least 2 percent of the cost of the project. Loans to nonprofit organizations and State or local public agencies can be up to 100 percent of the appraised value or development cost, whichever is less. Loans to all other applicants are limited to not more than 95 percent of the appraised value or development cost, whichever is less.

Use Restrictions: Loans can be made in this program to construct housing that will be operated in cooperative form, but loan funds may not be used to finance individual units within the project.

Project Examples: Construction of rental housing including congregate and group homes.

- **Housing Preservation Grant Program**

Nature and Purpose: These grants help low-income homeowners repair and rehabilitate their homes. Rental property owners can use them to repair and rehabilitate their units if they agree to make such units available to low-income families.

Eligibility Requirements: Grants may be made to individuals, public bodies, Indian tribes, or public or private

nonprofit corporations serving rural areas.

Applications: Notice of funding availability is announced in the Federal Register stating the opening and closing dates for preapplications.

Use Restrictions: Grantees may use up to 20 percent of the Housing Preservation Grant for program administration.

Project Examples: Replacement of the heating system and electrical wiring; repair of structural supports and foundations; replacement of the roof; replacement of severely deteriorated siding, porches, or stoops; alterations of the unit's interior or exterior to provide greater accessibility for any handicapped person.

- **Community Facilities Loans and Grants**

Nature and Purpose: The Rural Housing Service (RHS) can make and guarantee loans and grants to develop essential community facilities in rural areas and towns of up to 50,000 in population. RHS can guarantee loans made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, banks of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. RHS can also make direct loans to applicants who are unable to obtain commercial credit.

Eligibility Requirements: Loans, guarantees and grants are available to public entities such as municipalities, counties, and special-purpose districts, as well as to nonprofit corporations and tribal governments. In addition, applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities. They must also be financially sound and able to organize and manage the facility effectively. Repayment of the loan must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement.

Special Conditions and Terms:

- Maximum term of 40 years or the useful life of the facility.
- For direct loans, rates are set periodically, usually quarterly, and are based on current market yields for municipal obligations.
- For guaranteed loans, rates are negotiated between lender and borrower.
- Preapplication required (contact State Office).
- Projects must be for public use.

How To Apply: Organizations may apply at any time but are encouraged to consult with the Rural Development local, State, or national office for information.

Use Restrictions: Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.

Project Examples: Health Care (clinics, ambulatory care centers, hospitals, rehabilitation centers, and nursing homes), Telecommunications (medical and educational telecommunication links), Public Safety (communication centers, police and fire stations, fire trucks, rescue vehicles, and jail), Public Services (adult and child care centers, city halls, courthouses, airports, garages, off- street parking facilities, sidewalks, street improvements, college classrooms and dormitories, libraries, museums, schools, fairgrounds, and animal shelters).

- **Rural Housing Native American Pilot Loan (RH NAP)**

Nature and Purpose: The Rural Housing Native American Pilot (RH NAP) loan program is a program jointly developed by the Rural Housing Service (RHS) and Fannie Mae. The program is a part of the Section 502 Guaranteed Rural Housing (GRH) loan program. It has been modified to make the program viable on restricted American Indian and Alaska Native tribal lands. The purpose of the program is to assist individual members of

Indian or Alaska Native tribes to obtain adequate but modest, decent, safe, and sanitary dwellings and related facilities for their own use on Indian reservation lands or restricted lands that are held in trust for Indian tribes.

Eligibility Requirements:

Applicants: Individual members of any federally recognized Indian or Alaska Native tribes that have been approved by Fannie Mae and RHS to participate in the pilot are eligible to participate. The income of the applicant cannot exceed 115 percent of the area's median income, adjusted for family size.

Indian Tribes: Indian tribes must be approved by Fannie Mae and RHS to participate in the pilot before applicants are eligible for loans guaranteed by RHS. Fannie Mae and RHS must review the laws of the Indian tribe to determine whether there are adequate protections for mortgage lending. The Indian tribe must enter into a Memorandum of Understanding with Fannie Mae and RHS to ensure among other things, that lenders can enforce the mortgage related documents, and can foreclose and evict in tribal court.

Lenders: Lenders must be approved by RHS to participate in the GRH program and have Fannie Mae approval.

Eligible Properties: One-family, owner-occupied, principal residences that qualify as modest rural housing under the Section 502, GRH program are eligible. Homes must be located on Indian reservation lands or other restricted lands that are held in trust for Indian tribes, including fee simple lands that are subject to "tribal" restrictions against alienation. The Indian trust lands or restricted lands of the Indian tribe must be approved by Fannie Mae and RHS to participate in the pilot. Individual allotments and unrestricted fee simple lands are not eligible.

There are currently 16 Indian tribes in 11 States participating in the RHNAP program. They are: Gila River Indian Community and Navajo Nation in Arizona; Pueblo of San Juan and Pueblo of Pajoague in New Mexico; Confederated Salish and Kootenai Tribal Council and Chippewa Cree Tribe of the Rocky Boy's Reservation in Montana; Lac Courte Oreilles Governing Board and Oneida Tribal Council in Wisconsin; Grand Traverse Band of Ottawa and Chippewa Indians and Sault Ste. Marie Tribe of Chippewa Indians in Michigan; Seminole Tribe in Florida; Cheyenne River Sioux Tribal Council in South Dakota; Omaha Tribal Council in Nebraska; Oneida Indian Nation in New York; Fort Mojave Tribal Council in California; and Pala Band of Mission Indians in California.

Applications: Interested applicants can contact the Rural Development office in States where eligible Indian tribes exist to obtain information on the GRH program. Applicants must apply for a GRH loan through a lender approved by Rural Development and Fannie Mae.

Rural Utilities Service (RUS)

- **Water and Waste Disposal Direct and Guaranteed Loans/Grants**

Nature and Purpose:

Direct loans may be made to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and to cities and towns with a population of 10,000 or less. Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to corporations operated on a not-for-profit basis. Priority will be given to public entities, in areas with less than 5,500 people, to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste facility. Also, preference will be given to requests which involve the merging of small facilities and those serving low-income communities. Applicants must be unable to obtain funds from other sources at reasonable rates and terms. The maximum term for all loans is 40 years; however, no repayment period will exceed State statutes or the useful life of the facility. Interest rates may be obtained from Rural Development field offices.

Guaranteed loans may be made for the same purpose as direct loans. They are made and serviced by lenders such as banks and savings and loan associations. Normally, guarantees will not exceed 80 percent on any loss of interest and principal on the loan.

The purpose of water and waste disposal grants is to reduce water and waste disposal costs to a reasonable level

for users of the system. Grants may be made, in some instances, up to 75 percent of eligible project costs. Eligible applicants are the same as for loans.

Use of Proceeds: Direct and guaranteed loans may be made to develop water and wastewater systems including solid waste disposal and storm drainage, in rural areas and to cities and towns with a population of 10,000 or less. Grants are made to reduce water and waste disposal costs to a reasonable level for users of the system.

Eligibility: Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to corporations operated on a not-for-profit basis.

Special Conditions and Terms:

- Maximum term is 40 years or the useful life of the facility.
- Average loan: \$550,000.
- Average grant: \$500,000.
- Environmental Impact Assessment required.
- Rates are set periodically, usually quarterly, and are based on current market yields for municipal obligations.

Project Examples: Construction of water lines, pumping stations, wells, storage tanks, and sewage treatment facilities.

Applications: Information about the water and waste disposal programs and advice on how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters, may be obtained from Rural Development field offices. These offices are usually listed in local telephone directories under the U.S. Department of Agriculture.

● **Solid Waste Management Grants**

Nature and Purpose: This program makes grants to public and private nonprofit organizations to provide technical assistance and training to associations located in rural areas and to cities and towns with a population of 10,000 or less to reduce or eliminate pollution of water resources, and improve planning and management of solid waste facilities. Assistance may be provided to enhance operator skills in operations and maintenance, identify threats to water resources, and reduce the solid waste stream.

Use of Proceeds: To finance projects designed to reduce or eliminate pollution of water resources and improve planning and operations of solid waste facilities.

Special Conditions and Terms:

- Priority given to those projects to be completed within 12 months.
- Applicants must prove capability to provide technical assistance and training.
- Applicant may request a review of rejected applications.

Project Examples: Training programs for solid waste management.

● **Distance Learning and Telemedicine Loan and Grant Program (DLT)**

Nature and Purpose: Provides funding for distance learning and telemedicine projects to encourage and improve the use of telecommunications and computer networks to provide educational and medical linkages for rural areas.

Eligibility: The following applicants are eligible to receive a grant or loan under the DLT program: 1) Indian tribes, consortiums or partnerships, and other incorporated organizations that operate educational or medical facilities in

rural areas; and 2) rural schools, libraries, hospitals, health care clinics, and related organizations that operate rural educational or health care facilities.

Deadline: Applications for loans are accepted year-round and are reviewed as received. Applications for financial assistance will be accepted year-round, but awarded once each fiscal year.

Special Conditions and Terms:

- Grant maximum is set by the RUS Administrator for the fiscal year.
- Grant minimum is \$50,000.
- Funds may not be used for salaries, administrative expenses, wages, or benefits to medical or educational personnel or applicant.
- Applicant must prepare telecommunications plan, if funds for transmission facilities are included in proposed project.

Project Examples: Interactive video network between rural high schools and urban centers of higher learning; interactive video and telecommunications networks to provide rural medical centers with access to urban specialists.

● **Other RUS Programs/Initiatives**

Technical Assistance and Training Grants: The purpose of this program is to make grants to nonprofit organizations to provide technical assistance and training to associations located in rural areas and to cities and towns with a population of 10,000 or less. Assistance may be provided to identify and evaluate solutions to water and waste disposal problems, to improve the operation and maintenance of existing water and waste disposal facilities, and to assist associations in preparing applications for water and waste disposal facilities.

Rural Water Circuit Rider Technical Assistance: This program provides on-site technical assistance to help assure cost-effective operation of rural water systems. RUS has assisted rural water systems, via contracting, with day-to-day operational financial and management problems. The assistance is provided at no charge and may be requested by officials of rural water systems or by Rural Development personnel. It complements supervisory assistance provided by Rural Development personnel.